

# WORK LINK

A PUBLICATION FOR WORKER  
CO-OPERATIVES IN N.S.W.

Volume 2

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## ASSOCIATION OF WORK CO-OPERATIVES UNDERWAY

No one could say that 1980 was not a dramatic year for the Workers Co-operative movement in New South Wales. After the research and experiments of previous years, development settled down to slow but sure and steady progress. There are now eighteen operating Work Co-operatives, (virtually all of which properly started in the past year) which have received technical and capital support from a programme of funding established by the N.S.W. Labor Government. There are also a few Co-operatives and Collectives operating or planning operations independently.

While the many co-ops have their own individual aims and objectives, overall the movement sees Work Co-operatives as:

- self-help, employment organisations formed by people usually in weak economic positions, thus giving them a common bond
- worker owned with labour hiring capital
- managed by the worker members themselves
- distributing profits according to work input rather than capital input
- socially responsible in the way they do business and the use they make of their profits
- democratic organisations where mutual aid, social development, personal freedom, open communication and skills training are inbuilt features
- ensuring quality performance in meeting real consumer needs
- attempting to build a new base from which industrial development can be locally owned and controlled

- co-operating in work projects with other work co-operatives throughout the State

In regard to this last point, to give a single voice to the Movement and to provide essential co-ordination and support services, at a Conference of Work Co-operatives in August, 1980, a Steering Committee was elected to work towards establishing an association.

The Steering Committee is pleased to report that as of the New Year, the Association can be regarded as "up and running". A company has been purchased (Acheter Pty. Ltd.) which is operating from newly, co-operatively done up offices at 265 Castlereagh St., Sydney (Suite 1, first floor). The associations name is in the process of registration, the constitution has been drafted and discussed with all potential Co-operative members and legally ratified and a bank account opened.

The associations' first Annual General Meeting for the acceptance of the constitution and appointment of Directors is being planned and will take place shortly. Registering the association as a Co-operative, of Co-operatives, will also be undertaken. Further work is being done to effectively plan and establish the immediate functions of the Association and the services it will provide.

Importantly, negotiations will be undertaken with the Co-operative Federation of N.S.W. and the Department of Youth and Community Services to determine the Associations co-operative relationship with these service organisations. You will be kept informed.

The elected constitutional Objects and Powers of the Association are:

### OBJECTS

1. To promote and develop the Work Co-operative Movement.
2. To safeguard and foster the interests of the Work Co-operatives and their members and to strengthen Inter-Co-operative relationships at all levels.
3. To represent and act as a spokes group for the N.S.W. Work Co-operative Movement.
4. To work towards the formation of a National Co-operative Association.

### POWERS

1. To assist members in resolving their problems and difficulties and to undertake Consultancy services.
2. To undertake the production and publication of Work Co-operative literature and educational material.
3. To organise and administer Work Co-operative Education and Training programmes.
4. To maintain an information bureau and library.
5. To provide an information service to members.
6. To conduct and assist with Work Co-operative Conferences and seminars.
7. To promote and carry out research and studies on important Work Co-operative achievements and failures.
8. To assist members with specialist advice including:
  - Accounting
  - Audit
  - Legal
  - Management
  - Marketing
  - Other requested areas
9. To represent members in:
  - Industrial Relations
  - Legal Matters
  - Negotiations with Outside Authorities
  - Trade Negotiations
  - Other requested areas
10. To provide Arbitration and Conciliation Services to members
11. To maintain liason and co-ordination with Government and non-Government Regional, National and International Agencies.
12. To formulate plans for the Work Co-operative Movement and to influence the State and National Planning Process.
13. To do all such other things in furtherance of the objectives of the Association.

## SERVICES

For those still asking the question "What's in it for me (or us) if I/we join?", here is a clearer picture on the services which can be provided now, and which can give you immediate benefits. For the members advantage, these services are:

1. to provide advice and services in obtaining funds from Government Departments
2. to advise presumptive work co-operatives on matters relating to registration
3. to establish close working links between all members of the Association and between the Association and the Co-operative Federation of New South Wales
4. to act as a spokesgroup and lobby on behalf of its members specifically and for the Work Co-operative Movement overall (The Association is not tied to any political party)
5. to investigate the feasibility of business ventures and seek out expertise, contracts, sales and finance for its members
6. to liaise with other organisations which can provide services to members
7. to act as an information centre for its members and for the public
8. to promote the Movement and provide promotional material for co-operative members
9. to look at the education and training needs of its members and implement programmes where needed

Scales of fees for certain services provided to (i) members and (ii) non-members requiring long term and professional assistance, are being worked out.

The Association is also particularly keen to hear from any companies which are interested in converting to co-operatives. Special arrangements can be made in these cases.

## MEMBERSHIP

Membership is now open. An application form detailing levels of membership and fees is on page Cheques should be made out to the Association. **Worklink, the organ of the Association, will be available to members only** and the subscription for it is included in the annual levy. It is pleasing to see the number of associate membership applications already, especially those from interstate and overseas organisations and individuals who support what we are doing and who are interested in our progress.

Like all co-operative actions, the Associations strength will rest on its membership. If you support what it aims to achieve and can give as well as receive, we want to hear from you. Don't delay send your membership application form in right now!

Letter to the Editor.

Dear Editor,

As a member of the Association, I would like to put forward a few points largely adopted from an International Co-operative Alliance Bulletin (April, 1980) which laid down a set of very pertinent guidelines for the operation of a similar organisation to the Association.

The Associations objectives of promoting the Movement as popularising the Co-operative principles are spot on. However, there are some necessary conditions for the effective functioning of the Association. These are:

- (i) Legal autonomy
- (ii) Financial independence
- (iii) Committed leadership
- (iv) Dedicated and efficient staff; and
- (v) Enlightened membership

There are also a number of inhibiting internal and external factors that can retard the proper growth of any association:

### A. Relating to the Association

- (1) In-effective planning and follow up
- (2) Inadequacy of enlightened and dynamic leadership on the Board
- (3) Vested interest
- (4) Inadequacy of finance

### B. Relating to the Work Co-operative Movement

- (1) Limited appreciation of the potential of workers co-operatives among the populace
- (2) Want of sufficient knowledge about co-operation among the membership and poor communication within their co-operatives
- (3) Inadequate support from co-operative business enterprises
- (4) Lack of effective inter-co-operative relationships
- (5) Large number of weak co-operatives
- (6) Shortage of trained manpower at all levels
- (7) Poor member and public relations

## C External Factors

- (1) Restrictive legal and other provisions
- (2) Inadequate involvement by government in work co-operative issues, in co-operative policy formulation and development strategy
- (3) Inconsistency and ad hocism in government work co-operative policies
- (4) Multiplicity of agencies working in the field of co-operative development
- (5) Political interference

The Association should make strenuous efforts to become (and be seen to be) fully representative, and to become the effective spokesgroup of the Workers Co-operative Movement.

Yours in co-operation  
Alan Greig (Associate Member)

## "Work Co-operatives — an introduction"

A booklet with the above title has been published by the Association. It has been produced as a result of the high need and heavy demand for information on work co-operatives. It gives a clear and concise rundown on virtually everything a new or potential co-operative member needs to know on co-operative functioning (it is not a management textbook) and is easy to read.

The 1981 price for the booklet is \$1.50 (up from \$1 last year).

Please make out your cheques to the Association of Work Co-operatives, c/- The Editor (Interstate writers please add 10c for NSW Stamp Duty). They can also be purchased from the Associations Office or the Community Liaison Bureau, Department of Youth and Community Services.

Some interesting comments have been made on this book. Some of the more thoughtful have been sent to us by the following community members:

"If I had have known all these things and attempted to put them into practice, I would never have got into all the trouble I did." — R Nixon

"I feel this book is totally devoid of economic fact. I didn't understand it". — M. Thatcher

"After having read this book I have come to the conclusion that life can be easy for many more people than just a few of us". — M. Fraser (no relation)

# NORTHERN BEACHES PIPELINE COLLECTIVE

The Northern Beaches Pipeline Collective, located at Shop 2, 26 Pittwater Road, Manly (Ph: 977 8356) has been trading for some six months. It received its first development grant just recently in October. Groups within the Collective now include:-

- The Pipeline Work Team; property maintenance and renovations
- The Pipeline Paint Team; painting and handywork
- The Pipeline Collection; clothing retail outlet supported by a small cottage industry
- The Pipeline Newspaper; a secondary group producing "Pipeline" as a community service
- The Pipeline Management Services; central facilities for the Collective.

Presently in the "pipeline" are a health food co-operative due to begin operations early February and a domestic services cottage industry. Other schemes are being mooted. Total employed membership is presently 9.

The structure of the Collective is as follows:-

- Development Board: policy group with sponsors and representatives from work groups.
- Social Council: group of sponsors and workers concerned with internal welfare, service and training.
- Judiciary Board: group concerned with the resolving of disputes and which fortunately has not had to meet.

The fundamental principles of the Collective are embodied in our Charter of Association which amounts to a contract between the Development Board and a particular work group.

Present policy requires each new member and/or enterprise to undergo a three month trial period. During this period the enterprise is managed directly by Pipeline Management Services with all profit, if any, going into the latter's trading account.

At the end of this period a number of options exist. The trial period may be extended or the venture wound up. Should there appear to be a potentially well-ordered and self sufficient enterprise then a Charter of Association is negotiated. To date only the Pipeline Work Team has developed to the stage of registration as an Associated Team.

Under this Charter the Work Team is legally guaranteed the respect due to a presumptive co-operative. The Charter covers such matters as board representation, wage levels, membership, staking, profit distribution and a range of basic co-operative principles.

Management of the Work Team is a matter for members of that group and relationships between the group and Pipeline Management Services are clearly defined. In general terms one may view the Charter of Association as a mechanism for regulating the distribution of the rights, responsibilities, benefits and burdens that flow from a sharing situation.

There can be no doubt that this device is directly responsible for an increase in member motivation and group cohesion. A Charter embodying principles of social justice accepted by all members is essential if members are to be secure within a group situation. These principles must not only be accepted by all, they must also be attached to the institutions within the group structure.

Within the Work Team wages are high, ranging from \$160 p.w. to \$280 p.w. and employment is regular. While the other groups still have a long way to go it is hoped past experience will help them to develop securely. With a system of fairness at work we can look to the future with a higher level of optimism.

Should other groups be interested in developing a Charter relevant to their own particular interests please feel free to contact us on 977 8356 and perhaps we can negotiate a consultation and drafting package.

## Co-operative education Course

### continued: Lesson 5

#### Advantages that can be derived from self-help

Before outlining the advantages of self-help, it is necessary first of all to give a short outline of what self-help means.

#### 1. What is self-help?

In its simplest form self-help can be individual action undertaken by a person in order to improve his own situation, it can also mean mutual assistance through group action or team work. Since we have been discussing joint efforts, we shall confine ourselves to discussing **self-help within a group.**

A group of people, after realising their common needs, should at best come together and discuss how and what they can do to solve their common problem and then act accordingly without waiting for or relying on outside assistance.

Let us take the case of a group composed of people with a certain economic interest in common. For example a group made up of individuals who lack adequate employment and whose incomes are too low to enable them to provide self employment for themselves through isolated individual efforts. In order to solve their problems despite their individual weakness, these people join forces and form a co-operative group as the basis of their own co-operative enterprise.

In this group, two common bonds exist: Lack of employment and low income.

From what has been said we can summarize that **self-help activity in a group is something you do for yourself and at the same time for all the members in the group.** In other words: you can only solve your own problem by helping the others to solve their problem too.

Self-help means: **not to wait for Government or benevolent agencies to solve your problems for you but do it yourself!**

#### 2. Is self-help a new concept?

From ancient times there have existed various forms of self-help in the form of team work. One example which comes to mind is collective garden cultivation. People used to come together, cultivate together until all the members of that particular group acquired farms. (Co-operative tenant farming). Craftmen and artisans associations, burial benefit, loans societies and food processing co-operatives have also been in existence since at least 3000 B.C. The only time co-operative development has been stifled has been during the barbaric Dark Ages (400 A.D. — 700 A.D.).

#### 3. What are the advantages of self-help in general?

Having thought about what self-help means, we should now try to observe the advantages of self-help activities. For ease of reference we shall divide these advantages into financial and social advantages.

##### a) Financial

- (i) People with low incomes can **pool their limited financial resources** collectively through contributions. When the group is large, the contributions made collectively may be big enough to enable the members to acquire a service which may have seemed too expensive for any single individual. So, one financial

advantage of self-help in a group is the possibility to collect a large sum of money in a relatively short period of time which an individual could never do by himself.

- (ii) **People forming a self-help group are more creditworthy** than isolated individuals. It is easier for private banks and Government to give a loan to an organised group of people than to lend money to a single person with low income and hence no collateral security.

- (iii) When groups act jointly, there is usually a distribution and **sharing of costs**. For example when the group gets a loan, the interest charges are shared by all members — thus reducing the burden to be borne by each person. The same could be said of any costs which are incurred by the group as a whole.

There is also the **security aspect**: if a single person who has received a loan dies or leaves the country, not only the person is gone but also the credit. In the case of a group receiving a loan it is not very probable for all to die, or leave together at once. So here the creditors and the credit are safe.

- (iv) Through self-help efforts, the costs of providing services and goods may be reduced, because as a large group, you can enjoy the **advantages of wholesale purchases** and thus get cash discounts.

- (v) When a group of people are struggling through collective efforts to provide a service for themselves, they can attract additional benevolent assistance from both Government and private institutions. **Others help those who help themselves.**

#### **b) Social**

- (i) Self-help has also social advantages, namely: As people often come together to discuss their common problems there is a likelihood of knowing and appreciating one another better. In the long run, this may **create understanding between people** of varying ethnic or religious affiliations and thus create a common bond independent of race or creed.

- (ii) Self-help groups can also serve as **schools of democracy** where all members come together as equals to discuss their needs, and decide through discussion and majority vote how to overcome their problems.

- (iii) In self-help activities the personal participation is the most important thing while in many

other organisations, e.g. companies, the money contribution counts more. In addition, in a self-help group the individual has a better **chance to develop** his or her **personality** and to influence the way in which his or her problems are solved rather than to depend on the decisions taken by others.

### **Work Co-operatives in N.S.W. celebrating the New Year**

#### **Aboriginal Outwest Work Collective**

Producing quality aboriginal artefacts and other wooden products. Needs markets. Any ideas in this direction would be welcome.

Contact: Julie House (Manager)  
P O Box 143  
Mt Druitt Square, 2770  
Phone: 625 3156

#### **Aboriginal Work Co-operative Committee**

Helping Aboriginal communities in N.S.W. Investigating prospective new ventures. Approaches from aboriginal groups welcomed.

Contact: Irene Ashburn  
Development Officer  
C/- Co-operative for  
Aborigines Ltd (Tranby)  
13 Mansfield Street  
Glebe, 2037  
Phone: 660 0120

#### **Auburn Work Collective**

Printing, Laundry and Accounting Services well operational. New developments underway.

Contact: Peter Arundell  
Development Manager  
84 Auburn Road  
Auburn, 2144  
Phone: 646 4881

#### **Bondi Work Co-operative Ltd**

Have secured contract work and are operating cash-a-can centres.

Contact: Peter Redmyer  
Acting Development  
Manager  
6 Ebley Street  
Bondi, 2022  
Phone: 387 4802

#### **Campbelltown City Services (Co-operative) Ltd** (in formation)

Large concreting contracts underway with three construction crews employed. A fibreglass products plant will be starting this month.

Contact: Ron Bunyan  
Development Manager  
Unit 21a, Industrial Village  
Louise Avenue  
Ingleburn, 2565  
Phone: 605 6507

### **Centreprise Services (Shoalhaven Employment Co-operative Ltd)**

Bakery outlet with vendor rights. Lawn and Domestic Services Teams. Can Recycling and summer pool kiosks. Making excellent progress.

Contact: Neil Gage  
Development Manager  
38 Berry Street  
Nowra, 2540  
Phone: (044) 25534

### **Crow Enterprises (Wagga Wagga Work Collective)**

Large fibreglass works established with range of products. Bicycle renovation, landscaping and concrete bordering businesses operating. Craft shop opened. Lawn maintenance crew. Very confident about the future.

Contact: Bary Eady  
Development Manager  
Rear 5 Railway Street  
Wagga Wagga, 2650  
Phone: (069) 21 5225

### **Fairfield Work Collective**

Early difficulties now overcome Large garden and lawn maintenance team and nursery going well. Can act as depot or distributors for other groups through its soon to be operating Warehousing Division.

Contact: Peter Arundell  
Development Manager  
(acting)  
62 Canley Vale Road  
Canley Vale, 2166  
Phone: 72 0202

### **Feel Furniture (Bellingen Employment Co-operative Ltd)**

Furniture making superb, and woodwork going well. Have excellent new premises and want trading outlets throughout N.S.W. Renovations, building and handyman services starting this month.

Contact: Phil Wood  
Chairman  
Dowle Street  
Bellingen, 2454  
Phone: (066) 55 1239

### **Gosford Work Co-operative Ltd**

Negotiating takeover of concrete garden products plant. Retail fruit shop in operation and possibly a Bakery will be starting up soon.

Contact: Kevin Gray  
Development Manager  
111 Donnison Street  
Gosford, 2250  
Phone: (043) 25 2414

### **Newcastle Work Collective**

New catering location and new city premises with retail craft outlet. Going well in all endeavours, including demolition team and garden services.

Starting a ceramics manufacturing and retailing business this month. Restaurant on the cards.

Contact: Alan Wilson  
Development Manager  
2 Crown Street  
Newcastle, 2300  
Phone: (049) 24188

### **Northern Beaches Pipeline Collective**

Newest group. See article this issue.

Contact: Grant Kearney  
Development Manager  
Shop 2, 26 Pittwater Road  
Manly, 2095  
Phone: 977 8356

### **Manning Work Co-operative Ltd**

Consolidating animal rug making and forest products divisions. Has been fruitfully searching for export markets.

Contact: Jan Thomas  
Secretary  
P O Box 18  
Taree, 2430  
Phone: (065) 52 4880

### **Omnibus Enterprises (Armidale Work Collective)**

Starting afresh after some early difficulties. Printery and Landscaping businesses operating soon. Solar hot water heater manufacturing proposal being evaluated.

Contact: Ray Blackburn  
Development Manager  
104 Marsh Street  
Armidale, 2350  
Phone: (067) 72 4494

### **Taskforce Co-operative Ltd**

Plaster casting works on road to success — want agents for products. Have Domestic Services team and Floor Sanding business. Setting up crop picking and shearing teams.

Contact: Tony Smith  
Development Manager  
17 William Street  
Orange, 2800  
Phone: (063) 62 5800

### **Teamwork Co-operative Ltd**

Own label clothing manufacture and retail health food and lunch services outlet. Very attractive craft shop. Large, competent contracts and cleaning team.

Contact: Genya McCaffery  
Co-ordinator  
43 Ridge Street  
North Sydney, 2060  
Phone: 922 4067

### **Workforce Enterprises (proposed Canterbury/Bankstown Work Co-operative)**

Fleet of vehicles servicing Sydney metro area for courier services, removals and transportation. Going well.

Contract Gardening and Contract Maintenance divisions also in operation.

Contact: Gabby Rona  
Development Manager  
42 Rossmore Avenue  
Punchbowl, 2196  
Phone: 759 6188

### **Workop Industries Pty Ltd (proposed Wollongong Work Co-operative)**

Photographic, wooden products and domestic services businesses now operating from new premises. Can recycling. Possibility of a plastic extrusion/moulding plant.

Contact: Dean Runge  
Development Manager  
9 West Street  
Wollongong, 2500  
Phone: (042) 28 3176

## **BANKING**

### **How to get a loan out of your bank manager.**

Sooner or later most businesses and professional people experience liquidity problems and their progress is threatened by shortages of cash.

Such a situation arises, all too often, because the temptation to overtrade can't be resisted . . . (especially if the consumer market looks promising) . . . and the option of slowing down the rate of growth, and of consolidating, does not appeal to enthusiastic traders.

That's when a "friend" with cash resources is very useful, especially one whose interest rates are relatively low, and has resources available through a branch network.

An overdraft arrangement with a bank fills that bill. One advantage of the overdraft system is that normally, interest is charged only on a daily basis; and not on the overdraft *limit*.

Such flexibility in a borrower's favour, is not usually available from any other type of lending.

But bankers are well-known for being very choosy and they establish priorities clearly in their own minds. Those priorities are determined by the structure of each bank's existing portfolio of loans, by national credit policy, by central bank controls, by the bank's deposit base, its traditions and the manager's own personal preferences and expertise.

Would-be borrowers going to a bank for a loan are not in a "buying" situation. They are sellers, in that they have to sell themselves and their proposition so well that the banker will be persuaded to give them a high ranking in his list of priorities. They have to compete against all those other applicants from a wide

spectrum of society who also want, if not the banker's favours, at least the use of some of his money.

**Frequently one of the reasons for failing to get a loan is a badly presented case**, that is one in which the banker apparently is expected to be able to read between the lines and to be a fired-up expert on the applicant's particular business.

Among the general tests which bankers apply are the following:

- Are the applicants hard-working, reliable and capable?
- Do they have a record of financial stability and realism?
- Can the borrowing be serviced?
- Have the applicants done adequate market assessments and projections?
- Is the proposition in line with national credit policy?
- Is the amount sought appropriate?
- Do the applicants have sufficient equity in the project so that the bank does not become virtually a major *partner* in the business?

If the borrowing is disproportionately large in relation to the equity, then the bank could be at risk of losing more money than the owners if things go *wrong*; but, without special benefits if they go *right*.

- How dependent is the business on one person staying healthy and actively involved? Is it a one-person band?
- If the borrower is a company with several directors do those people have good track records and is the board well-balanced so that the talents of the directors are complementary.

Borrowers who establish credit arrangements with their bank normally have little cause for complaint just because their banker insists that they keep to agreed-upon limits.

Occasionally a business may find it difficult to avoid excess drawings but the banker expects that in a well-run undertaking the directors or owners should be able to anticipate liquidity problems well before the crisis actually occurs.

There is no quicker way to get your banker off-side than to ignore him when you go beyond the arrangements agreed upon between you.

The best thing to do is, at the outset, to put all your cards on the banker's table. Don't try to hold back on any relevant information. If you do, then, sooner or later, your sins will find you out and a deliberately mis-led banker can hardly be expected to be a friend when you've become short on liquid funds and the victim of your own deviousness.

# THE MARKET PLACE

Should any Co-operative have goods, equipment or services for sale you can use this section to advise other Co-operatives or interested parties of details, price, conditions and contact address.

Copy to be supplied by the fifteenth (15th) of each month.

## FOR SALE

The School of Law at Macquarie University recently held a day seminar on setting up and developing a small business. It dealt with finance and business law and was extremely informative. Copies of the papers are available to interested parties at \$8-00 per set. Orders will be collected and bulk billed. Please send details and payment to The Editor.

## CONTRIBUTIONS

### REMEMBER:-

You are invited to contribute to your newsletter. Yes! you should see this as your newsletter. You should regard it as a means of communicating your ideas and ideals to other Co-operatives. Contribution from 1500 — 2000 words on a topic concerning co-operatives will be published, also letters or interesting asides. All photos to be B & W. Editorial Board has right of reply.

## CORRESPONDENCE

Address to:  
The Editor, Worklink  
P O Box 48  
BRICKFIELD HILL NSW 2000  
Ph: (02) 267 8948

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Ph: (02) 646 4881